



Canada-IFC Renewable Energy Program for Africa

2022 Implementation Progress Report

IN PARTNERSHIP WITH

Canada 

 **IFC** | International Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities

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Information disclosure related to projects that received financing from the Canada-IFC Renewable Energy Program for Africa is covered by confidentiality clauses of the respective Administration Arrangement.

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ABBREVIATIONS & ACRONYMS

AREI	Africa Renewable Energy Initiative
CA	Canadian Dollars
DFI	Development Finance Institution
E2E	EnergytoEqual
EUR	Euro
FCS	Fragile and Conflict-affected Situations
GAC	Global Affairs Canada
GHG	Greenhouse Gas
GoC	Government of Canada
IDA	International Development Agency
IFC	International Finance Corporation
LCF	Local Currency Facility (of the IDA Private Sector Window)
MIGA	Multilateral Investment Guarantee Agency
MW	Megawatt
NGN	Nigerian Naira
PBIs	Performance Based Incentives
PSW	IDA-Private Sector Window
PV	Photovoltaic
RE	Renewable Energy
SDGs	Sustainable Development Goals
SSA	Sub-Saharan Africa
USD	United States Dollar
WBG	World Bank Group

The following report provides an implementation status update on the Canada-IFC Renewable Energy Program for Africa, both advisory and investment components, to June 30, 2022. As conflict, lingering COVID-19 effects, threat of global recession, spiraling food crisis, and the growing costs associated with climate change continue to drive global instability, solutions like blended concessional finance are more valuable than ever, mobilizing the private sector for high development impact projects. With the support of countries like Canada, IFC is committed to helping Africa foster a green, resilient, and inclusive future, even as the world now faces polycrisis.

More information on IFC Blended Concessional Finance and the Canada-IFC Renewable Energy Program for Africa is available at www.ifc.org/blendedfinance

Program Overview

Established in December 2017, the Canada-IFC Renewable Energy Program for Africa (Africa Program or “the Program”) is a partnership between the Government of Canada (“GoC”) and the International Finance Corporation (IFC) to accelerate and scale up private sector investments in renewable energy projects in Sub-Saharan Africa (SSA) to improve access to affordable and sustainable energy services that play an important role in reducing poverty, reducing gender inequality, and tackling climate change. The eligible projects outlined in the program are designed to be aligned with and provide support to renewable energy generation in Africa under the Africa Renewable Energy Initiative (AREI). Both the Program investment and advisory components are implemented with a focus on increasing gender-responsive economic development, through a gender-sensitive approach to all projects, where feasible.

Over the July 1, 2021 to June 30, 2022 reporting period, IFC and the GoC continued active discussions around calibrating various Program implementation parameters to support utilization in response to fast evolving needs on the ground. With significant delays and disruptions caused by COVID-19, combined with reprioritization of resources aimed at addressing the food security crisis and impending economic recession, the Program pace is still modest, despite significantly ramped up implementation efforts. IFC and the GoC continue to monitor and discuss Program progress.

Key Features



Size of the fund: CA\$150 million investment; \$5 million advisory



Duration: 5 years (2017-2022)



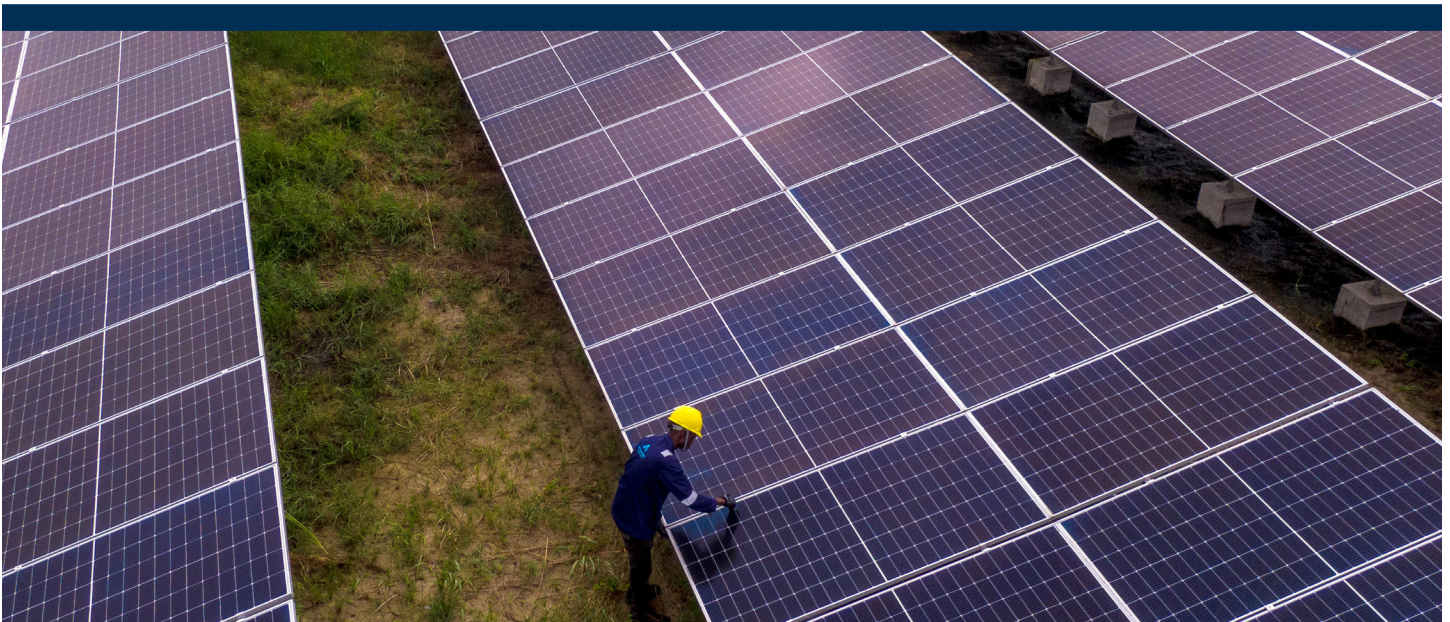
Priority sectors: renewable energy, and to the extent possible, adaptation, with measurable environmental and public benefit for what is termed the “energy poor.”



Geographies: Focus on Sub-Saharan Africa



Instruments: Senior debt and subordinated debt



CANADA AND IFC

Canada was IFC's first bilateral partner in blended concessional finance across all sectors and themes. This partnership started in 2011 with the establishment of the IFC-Canada Climate Change Program (IFC-CCCP). In 2015, pursuant to the Paris Agreement, the GoC announced it would contribute a historic 2.65 billion Canadian dollars over five years to help developing countries tackle climate change, with a focus on adaptation and resilience efforts for the world's most poor and vulnerable countries. In line with this commitment, the IFC-Canada partnership on climate grew from the IFC-CCCP to include two new programs that aim to mobilize private capital to support transformative projects and accelerate global climate action: the Canada-IFC Blended Climate Finance Program (BCFP, CA\$250 million, March 2018) and the Canada-IFC Renewable Energy Program for Africa that includes both investment (CA\$150 million, December 2017) and advisory (CA\$5 million, March 2018) components. The Program governance document ("Administrative Arrangement") was amended in September 2020 to update the list of eligible countries and improve the efficiency of Program reporting processes. Some additional modifications to Program exposure limit parameters were undertaken in Spring 2022.

The Africa Program aims to accelerate and scale up private sector investments in renewable energy (RE) projects in SSA supported by advisory/technical assistance to strengthen the breadth and quality of the investment pipeline. The GoC and IFC remain in close contact to advance utilization of the facility,

recognizing pre-existing challenging conditions exacerbated by COVID-19, conflict, and fragility. Discussions are underway to determine if a modification in the length of the program is needed.

PROGRAM ALIGNMENT WITH THE AREI

The Africa Renewable Energy Initiative (AREI)¹ is an Africa-owned and led effort to accelerate and scale up the continent's renewable energy (RE) potential with targets for new clean energy generation capacity leading into 2030.

The eligibility criteria outlined in the Program are designed to facilitate alignment of supported activities with the principles set out by the AREI and reflect Canada's pledge of CA\$155 million for support of RE generation in Africa under the AREI.

INVESTMENT COMPONENT

The investment component of the Program provides CA\$150 million of concessional capital to be blended with IFC's own commercial capital to catalyze private sector investment in high-impact renewable energy projects in SSA. The program promotes a wide range of RE technologies such as solar, wind, hydro, geothermal and marine, as well as energy transmission, distribution, and storage — with a core focus on meeting the needs of the poorest people. By crowding-in private sector investment in clean energy, the Program also supports broader benefits like job creation, lower electricity costs, a reduction in GHG emissions, and increasing women's economic

empowerment. Objectives of the program are well-aligned with these of the AREI that articulate the need to increase access to RE for African populations.

The Program's blended concessional finance investments help demonstrate the feasibility of RE projects to both local and international financial institutions, which is critical in boosting financing into Africa's renewable energy sector. Supported projects contribute to enhancing energy security, diversifying the region's power mix, and reducing electricity price volatility while stimulating the development of local supply chains and creating local green jobs. Projects will also seek to reduce fossil fuel consumption and reduce balance of payment pressure for governments that either import these fuels or rely on subsidized domestic supplies.

Financing instruments under the Program

IFC tailors blended concessional finance solutions to address specific project barriers for each individual project. It typically includes financing instruments that de-risk or re-balance the risk-return profile of the project. The Africa Program funds can be invested using two financial instruments:

- Senior Debt, which ranks above or equal to other lenders which do not have subordination features; and
- Subordinated Debt, which can include one or more of the following subordination features, without limitation: payment, security, liquidation, deferability of payments. Program funds cannot be invested as equity or any instruments convertible into equity.

In addition, the original design of the Program allowed for the funds to be invested in USD only, as no unhedged local currency or nor unhedged Euros was provided, limiting FX operations to only options that can be supported by the credit pass-through structures, limiting flexibility and reducing concessionality for projects in countries where exchange rate with the USD is volatile. Working together, IFC and the GoC recognized this limitation and designed a solution that was eventually operationalized in August 2022 (after the end of the current reporting period).

ADVISORY COMPONENT

IFC's advisory services focus on providing advice to help establish the necessary conditions that will help attract private capital. IFC is increasingly focused on developing high-impact projects that enable the private sector to grow — particularly in the poorest and most conflict-affected areas of the world. To further facilitate this work within the parameters of the Investment Component of the Program, the GoC provided CA\$5 million to provide three-pronged support through: (i) technical assistance in stimulating the pipeline of off-grid and distributed generation (DG) projects; (ii) advisory services for gender activities; and (iii) beneficiaries' assessment and results measurement work for DG projects. The advisory component of the Africa Program is designed to directly support and stimulate the investment component.

The GoC's contribution to both the investment and advisory components serves as catalytic capital to increase private sector investment in sustainable development in Africa.

PROGRAM ELIGIBILITY CRITERIA

IFC acts as an implementing entity of the Program, blending Canada's concessional funds alongside IFC's own commercial resources to support projects that have met the DFI Enhanced Blended Concessional Finance Principles (see box 1) as well as Program eligibility criteria. Careful co-investment of concessional third-party financing allows IFC to boost impactful climate-smart private sector investments where they would not exist otherwise, while avoiding market distortions and supporting evolution of these new markets towards commercial sustainability in the future.

The Program was designed to facilitate the utilization of funds across several countries, projects, and technologies. The Program eligibility criteria, including country exposure limits, were initially set up to promote balance in the shape of the portfolio. On the other hand, the Program was envisioned to be nimble enough to quickly respond to changing market conditions and needs. To maintain the level of flexibility, expected by the market, over the last reporting year, IFC and GoC undertook certain minor adjustments to application of country exposure limit criteria.

Eligible country list



Angola	
Benin	
Botswana	
Burkina Faso	Malawi
Cabo Verde	Mali
Cameroon	Mauritania
Central African Republic	Mauritius
Chad Comoros	Mozambique
Congo, Dem. Rep.	Namibia
Côte d'Ivoire	Niger
Djibouti	Nigeria
Equatorial Guinea	Republic of Congo (Congo- Brazzaville)
Eritrea	Rwanda
Eswatini	Sao Tome and Principe
Ethiopia	Senegal
Gabon	Sierra Leone
The Gambia	Somalia
Ghana	South Africa
Guinea	South Sudan
Guinea-Bissau	Sudan
Kenya	Tanzania
Lesotho	Togo
Liberia	Uganda
Madagascar	Zambia

Box 1: DFI Enhanced Blended Concessional Finance Principles for Private Sector Projects



Rationale for Blended Concessional Finance:

Contribution that is beyond what is available, otherwise absent from the market, and should not crowd out the private sector.



Crowding-in and Minimum Concessionality:

Contribute to catalyzing market development and mobilization of private sector resources, with concessionality not greater than necessary.



Commercial Sustainability:

Impact achieved by each operation should aim to be sustainable and contribute towards commercial viability.



Reinforcing Markets:

Addresses market failures effectively and efficiently minimizes the risk of market distortion or crowding out private finance.



Promoting High Standards:

Promote adherence to high standards, including in areas of corporate governance, environmental impact, integrity, transparency, and disclosure.

ELIGIBLE SECTORS

The Program is designed to support a wide range of projects and be adaptive to challenging environments and markets across SSA, consistent with the AREI criteria. Program funds are dedicated to scale up RE generation in Africa.

Renewable technologies eligible for financing include solar photovoltaic and thermal; wind; biomass; hydropower; geothermal; marine; energy transmission and distribution; and energy storage. The Program is also exploring opportunities for RE technology in hard-to-reach off-grid areas, understanding that these areas are in critical need of energy solutions.



Implementation update

AFRICA PROGRAM INVESTMENT PORTFOLIO AS OF JUNE 30, 2022

Table 1: Africa Program Committed Projects

All figures in USD unless otherwise stated.

Project	Country	Year Committed	Africa Program Funding	IFC Funding	Other Funding	Total Project Cost
			in million US\$			
Renewables						
Kinguélé Aval ¹	Gabon	2021	25	40	152	217
Daystar Power	Nigeria	2021	10	10	20	40
Total			35	50	172	257

INVESTMENT COMPONENT

At the end of the previous years' reporting period, there were two newly committed investment projects under the Africa Program: Kinguélé Aval hydropower plant in Gabon and Daystar Power solar project in Nigeria (which has also benefited from IFC's advisory gender work, partially supported by this Program's advisory component). The investment agreement for Kinguele Aval was signed at the end of the last reporting period and Daystar at the very beginning of this reporting period.

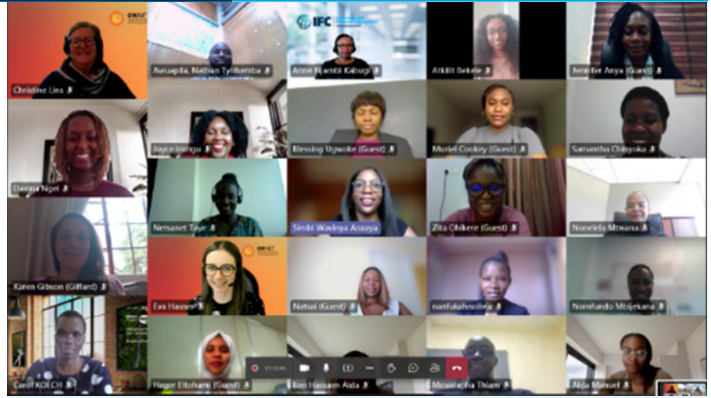
Over the last year, the Program pipeline underwent major transformation, reflecting IFC's ramped up efforts in new business development that became possible with lifting of COVID-19 restrictions (after nearly two years of a significantly slower phase). The Program is now beginning to fully benefit from IFC's concerted "upstream development" effort that aims at enhancing market conditions, raising awareness among potential clients and bringing all stakeholders together to facilitate origination of new projects, programs, and platforms. One area of particular focus for IFC is increase financing of private sector projects in fragile and conflict-affected settings (FCS) especially in SSA. This "upstream" work is intricate, requires significant time and resources, and is often conducted in collaboration with the World Bank, the Multilateral Investment Guarantee Agency (MIGA), and other DFIs. Over time, however, this work lays the foundation for future transactions and facilitates private capital mobilization into impactful projects. These efforts might include technical assistance, capacity building for institutions and private companies, and support to clients and governments.

This concerted effort led to a more dynamic pipeline of early-stage projects, with several potential candidates for Program support. Several high-impact projects have gone through the initial Blended Finance Committee review and were determined to be both eligible under the Program and responding to the DFI Enhanced Blended Concessional Finance Principles (see box 1).

That said, the conditions on the ground remain remarkably challenging and the universe of bankable private sector RE projects across SSA remains limited. Compounding crises associated with energy and food security have been exacerbated by conflict and particularly the Russian invasion of Ukraine. The crippling effects of emerging global economic recession, increased fragility and conflict, surging inflation, unsustainable debt levels, climate change, supply shortages, and COVID-19 recovery is making private investors less inclined to deploy funds, just when their involvement is needed most by the world's most vulnerable populations.

As the scope for private sector development is being challenged in unprecedented ways, the value and importance of concessional funds is only increasing and, with the support of the GoC, IFC is ready to help meet the moment. To counter current global instability, flexible capital, deeper concessionalism and more nuanced blended finance instruments (like Performance-Based Incentives) are needed. Programs with returnable capital expectations have a limited spectrum of application, however, their patient capital and concessional features remain valuable in supporting a green, inclusive, and resilient recovery.

A possibility of investing in unhedged EUR currency and the impact of exceeding expected country concentration limits were discussed at length and the Program's financial model was enhanced to run respective scenarios. The discussions concluded later in 2022 (after the end of the current reporting period) with a balanced solution, allowing some flexibility for the use of EUR. IFC will continue monitoring project needs and engaging with the GoC on ways to deepen the Program's impact, a shared goal.



Building the first Professional network of Women leaders

- The Women in Renewable Energy in Africa (W-REA) Network focuses on promoting women’s career advancement at leadership level and on developing a pipeline of women leaders in the sector in SSA.
- After a first successful call for nominations with over 90 nominees, several activities such as networking and learning events have been conducted to support the network members’ professional development.
- The WREA will soon offer a mentoring program, that will pair highly qualified senior women with junior employees working in corporate renewable energy companies in SSA.
- By empowering women, the network aims to boost the visibility and participation of women in the renewable energy and to promote their achievements.
- 132 women are now enrolled in the platform and benefit from networking and learning events.

Africa (an initiative that brings together technical and legal experts, the private sector, and governments from around the world to work in partnership to increase the number of people with access to power).

Next steps are for E2E to launch the second phase peer learning with companies. The next phase will focus on three gap areas as identified in the IFC RE workforce report. These include increasing the number of women in leadership and technical roles and addressing sexual harassment in the workplace.

ADVISORY COMPONENT

The Advisory Component of the Program is composed of three modules:

1. “Gender” that aims to support IFC clients that receive financing from the blended finance contribution of the Program, to close jobs and asset gaps between men and women in the energy sector in SSA.
2. “Off-grid Technical Assistance” that is designed to stimulate an investable pipeline of off-grid and DG projects.
3. “Beneficiaries’ assessment” and results measurement work for DG projects that will be undertaken once at the individual distributed generation project level, at a point in time when the project is at a mature stage to be able to provide a credible estimate.

Together, the advisory modules support action on the ground and work in tandem to support the Program’s investment component.

1. Gender

Energy to Equal (E2E) is a five-year program, in partnership with the GoC aiming to close gender gaps by working with private sector renewable energy to improve women participation across leadership, workforce, entrepreneurship and develop gender-inclusive community engagement practices. From 2019 to 2022, the E2E initiative has engaged with the following ten leading companies in the renewable energy sector to expand women’s access to jobs, leadership positions, and entrepreneurial opportunities in corporate value chains within the RE space: Greenlight Planet, Schneider Electric, Lekela, ElleSolaire, Daystar Power, Engie Power Corner, Pawame, Bujagali, Oolu and Baobab+.

E2E project activities are equipping more companies with the knowledge and tools to integrate women into their workforces and more women to have opportunities as leaders, employees, and entrepreneurs in the RE sector. E2E has forged lasting partnerships with other donors and organizations, like Power



“ Energy poverty disproportionately impacts women in rural Africa, and, hence, women are best placed to introduce energy solutions. Women buyers find women sellers more trustworthy. I believe women are the core asset to the portable solar distribution business that will drive long-term sustainability and resiliency. **Kelly Lavelle Nwachuku, Founder and CEO – ElleSolaire** ”

“ Gender equality begins to drive itself. The more women are represented in leadership, the less one has to push for gender equality because it is visible. **Jasper Graf von Hardenberg, CEO – Daystar Power** ”

“ Women have genuinely been considered for, and hired into, roles that previously would have been filled by men. **Radhika Thakkar, Vice President, Corporate Affairs – Sun King** ”

E2E will also be holding the first virtual career fair aimed at linking high potential women with companies and recruiters in the RE sector in Africa.

E2E is producing research that builds on the growing body of evidence making the business case for investing in women and helping companies increase women's participation in leadership, the workforce and as entrepreneurs in corporate value chains.

E2E published a first of its kind report on women's participation in SSA's RE sector. The [Report on Women's Participation in the Renewable Energy workforce in Sub-Saharan Africa](#) was launched at closed door roundtable with E2E partners. The key findings and recommendations were presented at the *Women in Global Wind Leadership Program* by the E2E team. In addition to the report, a series of seven short company insights were developed to highlight the progress made by participating companies in implementing gender smart solutions and delivery on their commitments.

2. Technical assistance (TA) for off-grid solar

Under the Off-grid TA component, the Canada-REI partnership supported the development of the World Bank Group Scaling Mini-Grid (SMG) Program focusing on developing a standardized approach to enable a rapid roll out of competitively priced minigrids in various SSA countries and beyond. Upstream work remains critical in the project preparation phase, helping viable projects get started and offers new models of financing to support them; this is ahead of where multilateral development banks and commercial financiers typically get involved in the project cycle.

Scaling Minigrids (SMG) is a programmatic, replicable, and partnership-driven structuring solution to scale up the high-impact, nascent mini-grid market in SSA. The first round of country selection is also capitalizing on ongoing projects led by the World Bank in Nigeria, the Democratic Republic of Congo (DRC) and other SSA countries.

FY22 Progress update

The team has completed key milestones for the development of the SMG platform including (i) development of the SMG one-stop-shop approach and associated contractual and transactional templates (ii) Risk mitigation instruments identification and structuring, (iii) Development of the SMG environmental and social management framework (ESMF); and (iv) the development of a marketing and communication plan. The SMG package was consulted and validated by key mini-grid sector stakeholders, including through a partnership with the Africa Minigrid Developers Association (AMDA).

Country Engagements — Progress Update

In the Democratic Republic of Congo (DRC), the IFC team is progressing forward with its first country engagement under the SMG initiative. The project is being implemented in coordination with IDA and MIGA and is expected to provide an estimated \$300 million investment package to connect DRC's

two largest and poorest provincial capitals with more than 185MW generated electricity². If successful, this project will represent one of the largest (if not the largest) private sector led mini-grid transaction globally to date, while paving the way for a much larger pipeline of bankable mini-grid projects in the DRC. In November 2021, IFC and the GoDRC formally signed an agreement for the former to share with the GoDRC: (i) a suite of SMG templates including a concession agreement template, (ii) relevant technical and environmental and social (E&S) studies of the generation sites along with a demand assessment of the two targeted cities, and (iii) a compilation of de-risking tools, including a demand risk mitigation instrument. The scope will also involve support to engage with relevant stakeholders to promote the project. The sharing process has been slowed down and limited to some specific items (e.g. concession agreement and demand assessment study) as the transaction advisor to the GoDRC has not been appointed yet.

3. Beneficiaries' assessment

The start of the final module of the advisory component — the beneficiaries' assessment — will be triggered by the sufficient advancement of investment projects. The merger of the blended finance investment and advisory services component under the Africa Program allows for shared strategic priorities and deepens the development impact of the Program.

Stories of Impact

Low-cost, clean power in Libreville

KINGUÉLÉ AVAL HYDROPOWER PLANT, GABON

Committed July 2021

Gabon has long suffered from underinvestment in the power sector, especially in generation. The Kinguélé Aval hydropower plant underscores Gabon's efforts in energy transition by displacing expensive and polluting thermal power and demonstrating a commercially viable and sustainable way of developing the country's under-exploited hydro potential. The project entails the design, construction, and operation of 34MW run-of-the-river Kinguélé Aval hydropower plant, located approximately 90 km from the capital city Libreville on the Mbei River. The project will help scale up clean energy production capacity in the country by bringing low-cost, clean power generation capacity to Gabon's capital Libreville. The project is expected to generate 203 GWh of electricity, amounting to approximately 13 percent of the Estuaire's Province (or nine percent of the country's) current total output, enough to serve 32,000 customers and saving more than 90,000 tons of CO₂ emissions per year.

But the development impact is not concentrated in Gabon only. Gabon belongs to the Central African Power Pool (CAPP) network which has the greatest African hydroelectric potential but has the least electrification of all the sub-regions in Africa. The CAPP's 2025 vision is to tap into the network's hydroelectric potential and other energy resources to increase the electrification rate from 13% to 90% in the region. As Gabon is the fifth largest oil producer in Africa, it relies heavily on oil for domestic energy production. The Kinguélé project will contribute



low-cost clean energy to the expensive thermal power system in the capital city Libreville and to the domestic electricity generation broadly speaking. This will allow the country to make some progress towards achieving its electrification goals, solving its chronic electrical energy deficits, and contributing to the collective CAPP's 2025 vision.

The total project cost is estimated at EUR 178 million. To support the project, IFC is lending up to EUR 33 million from its own account and providing a concessional senior loan of up to US\$25 million (or up to EUR 20 million) from the Africa Program. IFC will also provide interest rate and cross currency swaps required for the financing.

Blended finance rationale

Due to the high capital costs to develop Gabon's first hydro Independent Power Produced (IPP) project, the blended concessional finance co-investment is needed to ensure a viable risk/return balance for the Project at a competitive tariff. By mobilizing the capital providers to fund the project at their respective hurdle rates, the concessional rate resulted in a lower tariff to the benefit of power consumers in Gabon. The level of concessionality (i.e., "subsidy") provided by the blended

concessional finance co-investment is 1.3% of the total project cost.

By adding electricity supply that meets Gabon's growing demand, the Kingulé Aval hydropower plant will increase economic productivity in Gabon and create hundreds of jobs to spur green, inclusive, and resilient growth. The project supports Gabon's 100% clean energy target (with 80% hydropower) by 2025 through increase in renewable energy supply, household access to clean energy and associated green jobs.

Expanding solar power capacity

DAYSTAR POWER, NIGERIA

Committed June 2021

Nigeria has the largest economy in Sub-Saharan Africa but nearly half of the country's population does not have access to grid electricity. Electricity expenses are high and constitute a significant portion of business costs in Nigeria, so alternative, affordable, and sustainable power sources are critical for economic development. The deployment of solar solutions at scale also contributes to the decarbonization of the power sector in Nigeria.

IFC's first investment in Africa's commercial and industrial solar power sector, the Daystar Power project reflects IFC's commitment to Nigeria's renewable power sector and its economic growth. The financing will help Daystar Power expand its solar power generation by 30MWP (megawatt peak) of clean, renewable energy, helping meet the demands of clients in Nigeria's financial services, manufacturing, agricultural, and natural resources sectors.



A \$20 million financing package includes an up to US\$10 million subordinated loan from the Program and an IFC subordinated loan of up to US\$10 million equivalent in NGN (Nigerian Naira) which will be supported by the IDA Private Sector Window (PSW) Local Currency

Facility (LCF) IFC lending was to Daybreak, Daystar's Group subsidiary in Nigeria. Daystar is also working with the Canadian-funded IFC program Energy2Equal (see pages 9-10) to close gender gaps and increase women's participation in the RE sector.

Blended finance rationale

IFC will provide a long-term USD and local currency-denominated financing package at terms not readily available in the local market for the nascent solar PV commercial and industrial market.

By providing a subordinated loan, IFC will help to meet the company's current funding needs, de-risk future senior debt and facilitate access to competitive longer-term senior debt.

Development impact

The project will help increase the viability of solar power as a reliable, alternative energy source in Nigeria, especially among commercial and industrial users who typically rely on costly self-generation (mainly diesel units and smaller gasoline-powered generators). By expanding alternative reliable power solutions the project also supports growth and job creation in the Nigerian economy. From project inception to September 2022, Daystar's installed capacity in Nigeria grew from 8MW to 31MW (nearly 4x in 18 months.) The investment will result in reduced carbon emissions from the switch to solar PV from more carbon intensive fuels used in distributed power generation (an estimated savings of 32,700 tons of CO₂ per annum). The project helps to establish a track record for solar as an alternative to carbon-intensive energy sources, providing market signals that help to unlock some bottlenecks faced by solar PV distributed generation, including perceptions on reliability and cost of the solution.

Note: In December 2022, Shell Overseas International B.V. (SOI B.V.), a wholly owned subsidiary of Shell plc (Shell), completed the acquisition of Daystar Power Group (Daystar) and accordingly IFC and Program loans were prepaid. Daystar will operate as a wholly owned subsidiary of Shell under its existing brand within Shell's Renewable & Energy Solutions business. Blended finance from the Canada-Africa Program and IDA PSW helped the initial project proceed, demonstrating how concessional finance can help support a pioneering company, establish a track record, and support the development of the market.

Aggregate Development Results Indicators

Daystar	Targets		Actual Results						
	Value	Year	2020	2021	2022	2023	2024	2025	2026
Distributed Generation Projects: Power Generation (GWh per year)	35.34	2026	N/A	N/A					
Distributed Generation projects: GHG emissions reduced/avoided (Mt CO ₂ e per year)	32,776	2026	N/A	N/A					
Direct employment (male/female)	No target	No target	0	104/26					

Kinguele	Targets		Actual Results						
	Value	Year	2020	2021	2022	2023	2024	2025	2026
On-grid Renewable Energy Projects: Power Generation (GWh per year)	203	2026	N/A	N/A					
On-grid Renewable Energy Projects: GHG emissions reduction/avoided (Mt CO ₂ e per year)	90,088	2026	N/A	N/A					



Conclusion

The effect of COVID-19 and subsequent recovery efforts -- draining already limited public resources -- remains particularly acute on the continent of Africa. These are the countries with the most difficult economic environments on the planet, exacerbated by the compounding crises over the last few years. Global food security, conflict, supply chain weaknesses and local currency instability further compound the pressure on resources. In this context, many of the private sector projects are slow to take off, face delays, and are uncertain in terms of their ability to reach commercial operations.

Clean energy can serve as a less expensive alternative to carbon heavy energy sources like diesel, coal, or gas-powered plants. Clean technologies can help meet supply imbalances — solving for energy access — and address the challenges of climate change by taking a less carbon intensive path to growth. A recent report on blended finance from Convergence highlights that climate blended finance promotes and helps measure the achievement of several SDGs. For example, climate-related blended finance projects naturally intersect with SDGs such as gender equality, clean water, affordable and clean energy, sustainable cities, life below water, and life on land. In

attending to global development funding goals, the alignment of SDGs with climate is a natural one that is equally reflected in the blended finance market and provides even more support for the need to scale blended finance for climate.³ Women are a key part of this growth, so gender-focused efforts like E2E that ensure women are part of the RE sector, especially in leadership roles, are vital.

While blended finance is not a silver bullet, in combination with other tools such as advisory and technical assistance, it remains a critical tool to drive in private sector investment to areas of critical need like climate investment. In partnership with Canada, IFC will continue to advance the development of RE opportunities across Africa and is excited about the strength and breadth of the current Program pipeline. IFC will continue to advance the current projects, anticipating a strong conversion rate in the next fiscal year

Annexes

ANNEX A: PORTFOLIO OF PROJECTS

The following annex details the investment projects committed under the Africa Program as of June 30, 2022.

All figures are in USD unless otherwise indicated.

Daystar					
Country	Nigeria	Total Project Cost	\$40 million	Program leverage to all parties	3x
Product	Subordinated loan	IFC Funds	\$10 million	Program leverage to IFC	1x
Commitment Date	June 2021	Program Funds	\$10 million		
Description	The project finances the expansion of the solar PV-hybrid power generation capacity of Daybreak Power Solutions Limited (a 100% owned subsidiary of Daystar Power Group) by 30 megawatt-peak (MWp) to achieve a total installed capacity of 38MWp. The \$40 million financing package helps Daystar Power expand renewable energy generation in Nigeria, supporting economic growth and reduced carbon emissions in the country.				

Kinguélé Aval Hydropower ⁴					
Country	Gabon	Total Project Cost	€178 million	Program leverage to all parties	8x
Product	Senior debt	IFC Funds	€33 million	Program leverage to IFC	2x
Commitment Date	June 2021	Program Funds	\$25 million		
Description	Greenfield run-of-river 34.5 MW hydropower project in located on the Mbé river in the buffer zone of the Monts de Crystal National Park. The Kinguéle Aval hydropower project will have an average annual power production of approximately 200 GWh. The project provides important demonstration effect for effective, efficient, and renewable energy that supports a reduction in Gabon's GHG emissions.				

ANNEX B: MONITORING AND REPORTING

IFC Impact Assessment and Reporting: AIMM Scores

The Anticipated Impact Measurement and Monitoring (AIMM) system, launched in July 2017, is IFC's development impact rating system. The system helps IFC maintain a connection between immediate project goals to the World Bank Groups' twin goals of ending extreme poverty and boosting shared prosperity and the SDGs. Potential projects are rated and reviewed based on their expected development outcomes.

This approach enables IFC to set ambitious yet achievable targets, select projects with the greatest potential for development impact, and optimize project design.

The AIMM system enables IFC to assess project's outcomes as well as its effect on market creation. It looks at how project beneficiaries — including employees, customers, and suppliers— are affected. It also examines broader effects on the economy and society. With the AIMM system, IFC can examine how a project promotes objectives that contribute to the creation of markets by enhancing competitiveness, resilience, integration, inclusiveness, and sustainability.

The AIMM system incorporates country context in all of its assessments and captures greater development impact potential in projects that seek to address the widest gaps in

the most difficult environments. AIMM also provides a critical economic and social impact rationale for projects in which blended concessional finance can catalyze investment where it would otherwise not happen. Average AIMM scores tend to be higher for projects supported by blended finance.

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Transparency: subsidy levels

Starting with projects mandated on or after Oct. 1 2019, IFC has publicly disclosed the estimated subsidy ("concessional") for each proposed project along with the justification for why it is necessary (see Summaries of Investment Information via <https://disclosures.ifc.org>). IFC is using this approach for all of its blended finance facilities and is the only DFI to date taking this step on disclosure.

ENDNOTES

- 1 Kingulé Aval figures were initially stated in EUR and are shown in USD-equivalent amount assuming a 1.22 USD/EUR conversion rate. Note that Africa Program numbers have always been in USD.
 - 2 Including renewable and diesel-fueled electricity.
 - 3 [State of Blended Finance 2022 \(climate edition\)](#), Convergence, 2022
- See more on Shell acquisition of Daystar Power: <https://www.shell.com/energy-and-innovation/new-energies/new-energies-media-releases/shell-completes-acquisition-of-solar-solutions-provider-daystar-power-group.html>
- 4 Kingulé Aval figures were initially stated in EUR and are shown in USD-equivalent amount assuming a 1.22 USD/EUR conversion rate. Note that Africa Program numbers have always been in USD.

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